

SURFACE MINING LEASE

This Surface Mining Lease (hereafter referred to as the "Lease" or "Lease Agreement") is made and entered into on the 29th day of July, 2009 by and between **Southern Resource Reserve LLC, an Alabama limited liability company (hereafter referred to as "Lessor")** and **Twin Pines Coal Company, Inc., an Alabama corporation (hereafter referred to as "Lessee")**.

WITNESSETH THAT:

For and in consideration of the royalty payments set out herein and the mutual covenants and conditions of the parties hereto, they do hereby covenant and agree as follows:

1. Leased Premises And Rights Granted.

A. Lessor does hereby lease and demise unto Lessee and Lessee hereby leases from Lessor, for the term hereinafter specified, the exclusive rights and privileges of mining, removing and marketing by the surface mining process all coal contained in and under the real property described in the attached Exhibit A, which is incorporated herein by reference and made a part hereof the same as if fully set out herein, which real property is hereinafter referred to as the "Premises" or "Leased Premises".

B. Lessor hereby grants unto Lessee during the term of this Lease and any extensions or renewals thereof the exclusive rights and privileges of mining, removing and marketing by the surface mining process any and all coal contained in and under the Leased Premises including, but not limited to, the following rights and privileges:

i. The right to enter into, upon, under, over, across and through the coal and the surface and subsurface overlying same, at such points and in such manner as may be necessary or convenient for the purpose of mining the coal contained in and under the Premises by the surface mining process, and the right to strip said surface, subsurface and other strata overlying all of said coal;

ii. The right to have and use the free and uninterrupted right-of-way into, over, under, across and upon said coal and the surface and subsurface overlying the same, at such points and in such manner as may be necessary or convenient for the purpose of the construction, repair and maintenance of such roads and other transportation facilities as may be necessary or convenient to the removal, processing and marketing of

of the terms of the Lease wherein to remove the remaining coal, which cannot be resolved by mutual agreement of the parties hereto, shall be determined by arbitration as hereafter provided.

8. LESSEE INDEPENDENT CONTRACTOR. It is expressly understood that Lessee is an independent contractor, and Lessor shall have no control or right to exercise any control whatsoever over Lessee, Lessee's employees or permitted sub lessees or assigns their operation under this lease. The right to accept mining plans or projections, the right of engineering inspection and the right to inspect Lessee's records herein reserved by Lessor are reserved solely for the purpose of enabling Lessor to verify amount of royalties due to be paid hereunder and to ensure the Lessor's retained interests in the Premises are protected and reserved, and shall not give or be deemed to give Lessor the right to exercise any control over Lessee, Lessee's employees or permitted sub lessees or assigns, or to advise or assist Lessee or Lessee's employees or permitted sub lessees or assigns in Lessee's mining operations hereunder.

9. RECLAMATION.

A. Lessee shall have the exclusive right to enter into and upon the Premises for the purpose of establishing and maintaining vegetation as required by state and federal mining laws, regulations, and orders. All the salvageable topsoil shall be replaced in connection with the reclamation of the Premises in addition to requirements of state and federal mining laws, regulations, or orders. Lessee shall retain the topsoil in such a manner as to reclaim the land to as close as possible to the original contour and the reclamation shall be acceptable to the soil and water standards of the State of Alabama and a soil test and a fertility program followed which includes, but is not limited to, liming and proper fertilization in reclaiming the land to grass cover as provided by law.

B. Lessor hereby agrees to give its consent to land use changes for the Premises in connection of reclamation of same so long as such land use changes are permitted by state and federal mining laws, regulations, or orders. Lessor agrees that the Premises will be reclaimed to the "undeveloped or no current land use" as specified by state and federal mining laws, i.e. pasture/grassland. Lessor agrees to promptly execute and deliver to Lessee upon request any documents which may be necessary in connection with any topsoil waivers and/or land use changes for the Premises in connection with the reclamation of same so long as such waivers and /or land use changes are permitted by state and federal mining laws, regulations, or orders. Lessor also agrees to leave all sediment basins as "permanent water impoundment, fish and wildlife habitat" as provided within the Alabama surfacing mining regulations. Lessor shall be responsible for the sound and future maintenance of the permanent water impoundments after a Phase III bond release is granted by Alabama surface mining regulations.

terms or provisions or constitute a default under Lessor's articles of organization, operating agreement, bylaws or any agreement or document to which Lessor is a party or by which it is bound.

25. MODIFICATION-

Any amendment to and/or modification of this Lease shall be null and void unless the same is in writing, executed by all of the parties hereto and each of their signatures acknowledged as in the case of a deed involving real estate in the State of Alabama.

26. MERGER-

A. This Lease states the entire agreement between the parties hereto and merges herein all statements, representations, covenants and agreements heretofore made and any other statements, representations, covenants and agreements not incorporated herein are void and of no force and effect.

B. If any provision herein is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof shall nevertheless continue in full force and effect without being impaired or invalidated in any way whatsoever.

IN WITNESS WHEREOF the parties hereto have caused this lease to be executed on the day or dates hereafter set forth.

ATTEST: Melissa B. Brown

Southern Resource Reserve LLC

BY: Rick Rushing
Rick Rushing, Managing Member

ATTEST: Melissa B. Brown

Twin Pines Coal Company, Inc.

BY: George E. Barber
George E. Barber, Its President

EXHIBIT A

Leased Premises Legal Description:

Township 21 South, Range 3 West, Shelby County, Alabama

Section 18:

That part of the Southwest Quarter of the Northeast Quarter (SW $\frac{1}{4}$ of NE $\frac{1}{4}$) South of Shelby County Road 260;

That Part of the Southeast Quarter of the Northwest Quarter (SE $\frac{1}{4}$ of NW $\frac{1}{4}$) South of Shelby County Road 260;

The Northwest Quarter of the Southeast Quarter (NW $\frac{1}{4}$ of SE $\frac{1}{4}$);

The Northeast Quarter of the Southwest Quarter (NE $\frac{1}{4}$ of SW $\frac{1}{4}$) South of Shelby County Road 260;

The Southeast Quarter of the Southwest Quarter (SE $\frac{1}{4}$ of SW $\frac{1}{4}$);

The Southwest Quarter of the Southwest Quarter (SW $\frac{1}{4}$ of SW $\frac{1}{4}$) Less and Except the North One-Half of the North One-Half of the Southwest Quarter of the Southwest Quarter (N $\frac{1}{2}$ of N $\frac{1}{2}$ of SW $\frac{1}{4}$ of SW $\frac{1}{4}$).

Section 19:

The Northwest Quarter of the Northwest Quarter (NW $\frac{1}{4}$ of NW $\frac{1}{4}$) West of Clark Creek Less and Except a rectangular parcel of land lying in the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ and the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of said Section 19, Describes as follows: Beginning at the Northwest corner of said Section 19; thence in a southerly direction with a bearing of South 18 degrees 31 minutes East a distance of 1120.1 feet to the point of beginning; thence in a westerly direction with a bearing of South 79 degrees 17 minutes 30 seconds West a distance of 216.0 feet to a point; thence on a southerly direction with a bearing of South 10 degrees 42 minutes 30 seconds East a distance of 276.0 feet to a point; thence in a easterly direction with a bearing of North 79 degrees 17 minutes 30 seconds East a distance of 216.0 feet to a point; thence in a northerly direction with a bearing of North 10 degrees 42 minutes 30 seconds West a distance of 276.0 feet to the point of beginning;

That part of the Northeast Quarter of the Northwest Quarter (NE $\frac{1}{4}$ of NW $\frac{1}{4}$) lying North and West of Clark Creek;

That part of the Southwest Quarter of the Northwest Quarter (SW $\frac{1}{4}$ of NW $\frac{1}{4}$) West of Clark Creek.

Township 21 South, Range 4 West, Shelby County, Alabama**Section 24:**

The North One-Half of the Northeast Quarter (N $\frac{1}{2}$ of NE $\frac{1}{4}$);

The Southwest Quarter of the Northeast Quarter (SW $\frac{1}{4}$ of NE $\frac{1}{4}$);

The Southeast Quarter of the Northeast Quarter (SE $\frac{1}{4}$ of NE $\frac{1}{4}$) West of Clark Creek;

The Northwest Quarter of the Southeast Quarter (NW $\frac{1}{4}$ of SE $\frac{1}{4}$);

The Northeast Quarter of the Southeast Quarter (NE $\frac{1}{4}$ of SE $\frac{1}{4}$) West of Clark Creek;

The Southwest Quarter of the southeast Quarter (SW $\frac{1}{4}$ of SE $\frac{1}{4}$) North and West of Clark Creek;

The Southeast Quarter of the Southeast Quarter (SE $\frac{1}{4}$ of SE $\frac{1}{4}$) North and West of Clark Creek.